BoardRoom Press

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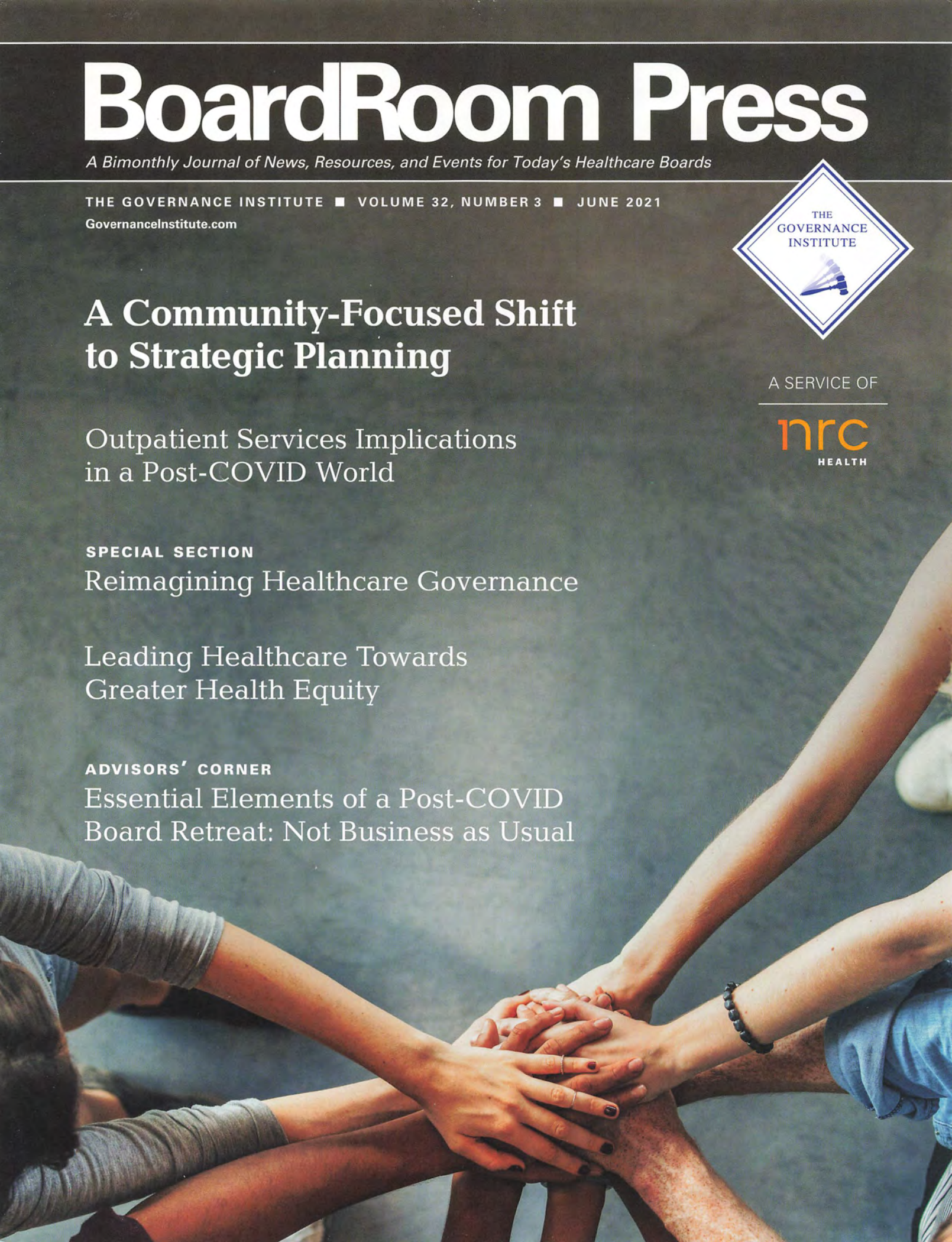

Community Connection

Our job as board members continues to grow: in scope, depth, complexity, and importance. For those of you who haven't given up, I applaud you! While it is a difficult time, it can also be an extremely rewarding experience to be involved and make an impact when your leadership is needed most.

Our communities need our leadership most right now. We are learning from so many members of their difficulty in recruiting more diverse board members. Many have begun this important effort in earnest, but it is a difficult journey and there is much work to do. While having a diverse board is critical to better understand the varying needs—cultural, religious, economic, ethnic, racial, gender spectrum, and more—there are other ways we can be connecting with our communities. It must be a multi-faceted effort, where, at the same time we are working towards expanding diversity on our board and among the ranks of our leadership, a parallel step is to listen. Go to places where voices are not heard. Reach out, ask questions, learn, and follow up. This takes our efforts in diversity beyond tokenism, and shows the communities involved that we understand, we care, and we are working to make a difference.

This issue focuses on our communities, and actions we can take at the leadership and governance level to make an impact, from community-focused strategic planning to expanding our view of the role of governance, and leading towards greater health equity. One of the most effective ways to tackle an issue of this size is via a board retreat; our Advisors' Corner showcases best practices for a post-COVID retreat that is not business as usual.

Kathryn C. Peisert,
Managing Editor

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A Community-Focused Shift to Strategic Planning

By David A. Tam, M.D., FACHE, Beebe Healthcare

The COVID-19 pandemic has taught healthcare executives and boards many lessons including that healthcare is truly local.

Organizations large and small, such as Beebe Healthcare in Sussex County, Delaware, are now assessing how things went, where they are now, and what they plan to be in the short- and long-term. This assessment gives leadership the opportunity to shift their strategic focus to local community services and health rather than developing economies of scale for operational and financial improvement through consolidations and regionalization.

David A. Tam, M.D., FACHE
President and CEO
Beebe Healthcare

Through partnerships and other forms of growth in size, health systems have also been able to attain financial stability and gravitas in negotiating with third-party payers for favorable reimbursement rates.

And, although these efforts have resulted in improved performance, the role of the local community-focused board and management have been diluted, resulting in a greater disconnect between health systems and the health of the communities they serve.

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Key Board Takeaways

To shift strategic planning to be more community-focused, healthcare boards and leaders should do the following:

- Plan with agility and have the autonomy to evolve with community needs.
- Try to reengage with the community every few years to stay abreast of its growth and changes.
- Develop community partnerships to ensure diverse opinions are being implemented into the organization's strategic planning.
- Cultivate a culture of collaboration to succeed in the post-pandemic era.

The COVID-19 pandemic has taught leaders that strategic agility and relevance to the community's needs is critical for community-focused health systems' short- and long-term planning.

For many years, the healthcare field, focused on operational excellence in areas of quality, safety, and finance, has looked to make improvements through the adoption of externally driven metrics and programs. Regionalization and consolidation have helped to standardize care processes, streamlining both quality and financial improvements.

Planning With Agility and Autonomy

The COVID-19 pandemic has taught leaders that strategic agility and relevance to the community's needs is critical for community-focused health systems' short- and long-term planning. How healthcare organizations responded to the pandemic in 2020 depended on what the community needed. Although those needs varied from community to community across the United States, they often included local COVID-19 testing, care for patients near their families, communication and updates to clarify what national leaders were saying, and reassurance to the community that vaccinations would be available in an equitable and culturally sensitive manner. As a local non-profit, independent and community-focused health system, Beebe Healthcare was able to rapidly address the needs and concerns of its community quickly and effectively.

For Beebe, COVID-19 revealed the strategic importance of local, community-focused care through the recognized need to provide testing and vaccine administration to workers in the poultry industry. This is a diverse workforce, both from a socioeconomic and a cultural perspective.

A deeper understanding and engagement with the wider community was absolutely necessary to provide culturally sensitive care—not just through translation services but also in collaborating with community groups and leaders in addressing concerns regarding social and medical services related to testing and vaccination. Moving forward, Beebe Healthcare's strategic planning will need to address how we provide services for this population and other underserved members of our community to ensure that we are working to improve the health of the entire community, whether we are battling COVID-19, the opioid epidemic and mental illness, or diabetes and chronic obstructive pulmonary disease.

For many health systems, the post-COVID-19 era makes community-focused strategic planning more important. People will be more aware of how their nearby health facility demonstrates

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Outpatient Services Implications in a Post-COVID World

By Richard Rollo, Hammond Hanlon Camp LLC

For more than a decade, non-hospital-based outpatient services, especially ambulatory surgeries and imaging, have grown tremendously. The COVID-19 pandemic has fueled speculation of an acceleration in use of these services driven by a combination of economics, technological advances, and consumer preference. As a result, healthcare organizations' interest in non-hospital-based outpatient services has never been stronger. In addition, hospitals and health systems view the comparatively high operating margins produced by outpatient surgical businesses, among others, and see opportunity.

But for hospitals and health systems, there are some serious strategic implications of this trend, which can be categorized by the following:

- Addition vs. displacement
- Margin (percent) vs. margin (absolute)
- Market share and service concentration

This article digs deeper into each of these implications and provides insight on what boards should consider when establishing their organization's outpatient services strategy.

Addition vs. Displacement

This is a critical concept. Many hospitals and health systems view investment in non-hospital-based outpatient services as complementary to their existing hospital-based services. This view, in turn, is based on an often-underexplored premise: that the act of introducing these services will not result in displacement but, instead, will result in additional volume and, implicitly, market share gains, though at whose expense is often unclear. Either that or the service will be additive, even if there is little or no market share gain, which means increased cost to someone.

There may be reason to assume that the introduction of new outpatient services is indeed additive—and that is certainly the case in high-quality, high-growth markets. Although the data is extremely hard to find, our analyses suggest that the historical rise in the use of non-hospital-based outpatient services only modestly affected the rate of use of hospital-based services—and often, only for the Medicare-insured population. If this is correct, it would mean that the increased use of non-hospital outpatient services merely resulted in an increase in the overall volume and intensity of service, along with cost, because it was largely additive and not displacing.

But today, much of the talk about non-hospital-based outpatient services implies that displacement—specifically, avoidance of more expensive inpatient services—is the goal. That makes sense, but it also means that hospitals and health systems contemplating a more robust non-hospital-based outpatient services strategy must contend with the economic effects of displacement and the imperative of gaining market share or "surfing" on a market's high population growth—especially among the substantially higher-paying commercially insured. In the future, this shift is likely to be less additive and more substantive.

Margin (Percent) vs. Margin (Absolute)

The prospective margins achieved by well-run ambulatory surgery centers (ASCs) would catch anyone's attention. They have certainly caught the attention of hospitals and health systems. For example, a 30 percent operating margin is not uncommon. That's certainly some exciting economics!

But couple that with the idea that non-hospital outpatient surgeries are now intended to displace inpatient surgeries and one faces an interesting dilemma: An outpatient surgery business may generate 30 percent margins while a hospital generates 8 percent margins on its inpatient business. But an average outpatient surgery may generate $3,000 in revenue, while the average inpatient surgery might generate $30,000. While return on invested capital (ROIC) for the outpatient facility is much higher, absolute ROIC is still lower. Which would you choose: $900 in operating profit or $2,400?

If you're a hospital or health system, the answer is clear: You need inpatient volume for the absolute margin it brings. Margins in ASCs are a function of cost, more favorable reimbursement (because payers would rather spend money on outpatient surgeries than inpatient surgeries), and payer mix, since ASCs have more commercially insured patients and fewer Medicaid patients. If you're a patient or health plan, the opposite answer is clear: You want outpatient volume to displace inpatient volume. Therein lies the dilemma.

Market Share and Service Concentration

If success during the pandemic and beyond requires increased emphasis on consumer preference and cost, then all hospitals and health systems should adopt what many academic medical centers have known for a long time, even if execution remains a challenge: Concentration of more highly acute services, and the shedding of lower-acuity services to lower-cost venues, is critical to success.

This strategy, wise as it may be, hinges on two crucial execution capabilities. The first is the ability to gain market share, since only the distilled essence of that market share—the high-acuity cases—will end up being where you really make your money. The second, just as difficult, is exercising the discipline to share those less-acute services and the revenues associated with them with your partners, even though your instinct is to take them all. Healthcare organizations naturally lean toward extracting the maximum revenue from any given patient relationship. As the old saying goes, "If you refer a patient to another provider, you'll never see the patient again." But this tendency, natural as it might be, is self-defeating—and it isn't conducive to developing long-term relationships with consumers.

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Key Board Takeaways

Questions that boards should consider in establishing their organization's outpatient services strategy include the following:

- Does the strategy rely on volume growth from market share gains or displacement of inpatient services?
- If market share gains: How will that happen, given intensely competitive market environments?
- If displacement: Is the goal to address inpatient capacity constraints?
- If inpatient capacity is available, have the implications of potential inpatient volume substitution been adequately explored?

Reimagining Healthcare Governance

By Betsy Chapin Taylor, FAHP, Accordant

Healthcare governance has reached an inflection point. While core elements have remained relatively stable for more than 50 years, fundamental changes to the healthcare landscape are driving a need to reconsider the "why" and "what" of the board role. These include ramifications of the 2020 pandemic and racial unrest, changes in the healthcare ecosystem, rising complexity of the board role, and dissatisfaction expressed by both executives and board members with the board's current role. While ensuring adherence to and fulfillment of mission remains the North Star of healthcare governance, these pervasive changes impel progressive organizations to reevaluate their roles, commitments, focus areas, and competencies to agilely and effectively navigate the post-COVID era.

The COVID-19 pandemic reshaped key priorities in healthcare. This time of challenge fortified core commitments, illuminated new perspectives, and changed expectations of stakeholder groups. As the pandemic took an outsize toll on people of color, it exposed risks and societal problems that pushed new issues to the top of both the nation's social consciousness and the healthcare leadership agenda. As COVID-19 forced healthcare organizations to quickly rethink and retool, it uncovered new and valuable ways to work and deliver care. It forced new realities and priorities to the forefront—many of which are expected to be long-lasting. As 90 percent of healthcare leaders agree the COVID-19 crisis will fundamentally change how they do business, this new context creates a call for health organizations to reconsider what mission fulfillment looks like and to recalibrate the paths to creating value within this complex, new reality.[1]

The context within which the healthcare governance role occurs has also been slowly evolving for an extended period—and these vast changes can no longer be overlooked. The tenets of best practice governance were born out of the legal obligations of boards to fulfill a fiduciary role in shepherding the non-profit healthcare organization. However, the context in which the expectations of the role were developed were created in a time of single, standalone, community-based hospitals that worked exclusively within their own four walls to deliver care. Now, 67 percent of U.S. community hospitals are part of a larger system; many of those systems are far-flung and cross state lines and almost all of these organizations spend an increasing part of their time working outside the four walls of the hospital in the community.[2] The role of healthcare organizations is also being recast: while the traditional objective has been to treat illness and injury, today's vision places a heavy emphasis on addressing the root causes of poor health and on elevating health status and well-being. Organizations are also grappling with what "community" even means in an age of expanding virtual care environments that are independent of geography. While incremental changes have served to respond to some of these issues and to move governance forward, it is time to consider how the healthcare governing board can best support a promising new age of care that is advanced by deeply complex organizations in a constantly shifting landscape.

The complexity of the board role has greatly increased. Sweeping systemization has introduced new structures, expanded territory, and competing priorities that make issues and decisions knotty and multi-layered. Systemization has also necessitated achieving alignment between the strategy, interests, and priorities of the system and each market-based entity, and has pushed organizations to carefully clarify potential redundancy between system and market roles, responsibilities, and decision rights. However, complexity extends far beyond systemization and structure:

- Boards have come under increased scrutiny by regulators, rating agencies, and others for how they demonstrate engagement and role fulfillment.
- The continued movement toward value-based payment paradigms has many implications for how healthcare organizations do business.
- The body of knowledge required to be successful has placed a sometimes undue burden on board members to keep up in order to make sound decisions.

Key Board Takeaways

Healthcare boards must lean into unprecedented change and volatility by reimagining the pathways to relevance and impact. Opportunities include:

- Embracing the next curve of healthcare by recognizing that hospitals remain valuable assets in treating illness and injury; however, evolving expectations will also demand elevating community health status, fostering well-being, and addressing health equity.
- Shifting the board's role in strategy development and oversight by leveraging the knowledge and experience of healthcare management in the planning process while honing the board's ability to serve as a thought partner and sounding board with broad perspectives and life experience.
- Articulating how the organization will take proactive steps to better understand and meaningfully address rising expectations around not only health equity and access for all people but also around diversity, equity, and inclusion within the hospital workforce and around the boardroom table.
- Expanding the board's role in advocacy and philanthropy by harnessing the unique insights, earn trust, authenticity, diverse community connections, and social capital of board members.
- Fostering agility and strengthening collaboration with management in order to navigate ambiguity and risk in a fast-evolving environment.

Boards that assume a proactive, forward-looking posture on these and other issues have an extraordinary opportunity to bring more focus and relevance to their leadership roles and to enable the next curve of healthcare board governance.

1 Jordan Bar Am, Felicitas Jorge, Laura Furstenthal, and Erik Roth, *Innovation in a Crisis: Why It Is More Critical Than Ever,* McKinsey & Company, June 2020.
2 *2020 AHA Hospital Statistics,* American Hospital Association, January 2020.

Further, new threats and opportunities—including cyber risk, consumerism, changing stakeholder expectations, new demands around culture, expectations around health equity, and more—have added significant new considerations for governing the healthcare organization. As boards are barraged with issues and priorities, it makes clarity and focus on consequential issues more important than ever.

The non-profit board role has experienced a rising drumbeat of criticism by both board members and organizational executives. Board members routinely express dissatisfaction, disengagement, disconnectedness from the mission, uncertainty about the value of their role, and feelings that "their job does not strike them as worth doing well."[3] A *Harvard Business Review* article described boards as an "aquarium of dead fish" explaining board members, "when pushed," admit they "tolerate things on a non-profit board that they wouldn't stand for in their day jobs."[4] At the same time, chief executives express frustration that boards do not have the time, knowledge, or agility to add significant value within healthcare's fast-moving complexity. Given the nature and qualifications of those who are most often pressed into board service, this means it is essential to refine, improve, and enrich the board role to not only ensure it is effective in delivering value but also is meaningful and worthy of a board member's service.

While contemporary literature places a keen focus on the structures and processes that shape "how" a board conducts its work, this is a call to consider the "why" and "what" of healthcare board governance to infuse intentionality and to reposition governance in a new era of healthcare. It's time to harness the insights provided by this time of volatility to ensure a forward-looking posture for governance. It's time to weave contemporary issues, opportunities, and priorities into the traditional areas of governance oversight. It's time to bring clarity and focus to a role that has expanded to the point that even the best boards can no longer effectively get their hands around all the issues to be addressed. It's time to determine how to "pull up" and work at a higher level of strategy rather than dipping down into the details. It's time to go beyond governance fundamentals to reimagine what effective, influential, and aligned boards must be and do next.

Board Discussion:

- What issues and opportunities have become clear across the course of the pandemic?
- How has the scope and nature of both leadership and accountability changed now?
- What is our readiness to rise to new demands and new opportunities?

Exploring Key Elements of the Board Role

While incremental changes have been adopted over time, the core elements of the board role have remained consistent for decades. Thus, as we reconsider what is needed to go forward, there is value to affirming the central priorities to sound board governance. First and foremost, boards retain a legal obligation to guide the organization in a manner consistent with the organization's best interests, to ensure mission adherence and to provide fiduciary and strategic oversight. However, efficiency and effectiveness are rooted in clear roles, responsibilities, and decision rights—and many boards have entered muddy territory even within these core areas of influence. High-functioning boards have a clear demarcation between governance and management, as crossing this line "erodes trust and challenges the integrity of the board–management relationship...if boards fail to maintain this focus, organizations will suffer."[5] Carefully curating what falls under the purview of governance is essential as boards face limited time and numerous complex issues.

Financial Resiliency

COVID-19 was not just a clinical storm but was also an economic storm. Total projected losses to hospitals and health systems in 2020 will reach $323.1 billion due to deferred care, decreased utilization, and other challenges.[6] Unfortunately, volumes are also not expected to snap back to normalcy once the vaccine is broadly distributed, so there will be ongoing financial uncertainty. "Given the prospect of a prolonged fight for stabilization, the focus of governance and management over the coming months and years must be the pursuit of resiliency. What this means in practice will depend on such factors as the composition and strength of an organization's resources as well as the business model disruptions and other risks it anticipates."[7] Therefore, boards must be ready to constantly refresh information and to stay in close collaboration with management in order to manage the present vulnerability and ambiguity. Boards also must consider new areas that demand attention within the fiduciary arena, including shaping culture and advancing inclusion.

Shaping Culture

Healthcare governing boards are increasingly being asked to shape and exercise oversight of organizational culture as part of their fiduciary responsibilities.[8] While a passing glance has often been given to culture as part of risk management responsibilities, there has been a growing movement to elevate and reposition the board's role related to culture. This wave began within corporate boards due to a number of organizational leadership scandals and challenges, which pushed the National Association of Corporate Directors to urge boards to proactively define and shape organizational culture due to the links between culture, strategy, and risk

3 Richard Chait, William Ryan, and Barbara Taylor, *Governance as Leadership: Reframing the Work of Nonprofit Boards*, Wiley, 2004; p. 16.
4 David Simms, "A Nonprofit Board or a Group of Dead Fish?," *Harvard Business Review*, June 29, 2010.
5 The Governance Institute, "Balancing Oversight and Strategic Priorities When Everything Is Uncertain," *E-Briefings*, Vol. 18, No. 2, March 2021.
6 American Hospital Association, *Hospitals and Health Systems Continue to Face Unprecedented Financial Challenges due to COVID-19*, June 2020.
7 Eric Jordahl, "Building Resiliency: The Imperative for Not-for-Profit Health Systems," *System Focus*, The Governance Institute, February 2021.
8 Michael Peregrine, "Key 2020 Corporate Governance Developments Affecting Health Care Boards," *Health Law Connections*, American Health Law Association, December 2020; p. 12.

and the potential to be an enabler of operational performance.[9] This directive seeped into the non-profit arena, and work by The Governance Institute has shown that "culture determines the degree to which a board embraces its responsibilities, and the level of ethics and accountability to which the board holds its own members as well as that of senior leadership."[10] The concept of a board role in culture gained more force in 2020 as "the tide has begun to turn with COVID-19 and related concerns about employee health and safety, employee morale, and the pandemic's impact on gender workforce equality and inclusion. With this has come an increasing acceptance amongst healthcare CEOs that a positive organizational culture is a meaningful corporate asset, worthy of board oversight."[11]

When the healthcare organization considers its greatest source of culture risk, it is clinician burnout. Healthcare organizations went into the pandemic talking about the ravages of emotional exhaustion, disconnection from work, and loss of joy in work, with 44 percent of physicians and 63 percent of nurses reporting burnout.[12] Now, the presence of burnout is anticipated to have dramatically spiked as COVID-19 placed unforeseen and significant pressures on physicians and clinicians. This means boards must consider burnout and resilience as a clinical quality, business continuity, patient experience, employee engagement, and culture issue.

Advancing Inclusion

Another issue that has taken on increased momentum in the wake of the racial uprisings and unrest of 2020 is diversity, equity, and inclusion. This issue falls under the fiduciary pillar because the human resources that support governance, leadership, and workforce development are intangible assets to steward. While healthcare boards have given lip service to achieving diversity for some time, the reality is the needle has moved very little. In fact, many boards have achieved tokenism more than true inclusion; achieving inclusion is about providing not only a seat but also a voice and the heft of multiple people of similar backgrounds or perspectives in the room. The pandemic's negative effects on people of color were in part because of barred access to decision-making tables, and the issue has been further exacerbated by societal and economic disadvantages that create an imbalance of power. Now, achieving diversity, equity, and inclusion has become more than just a best practice to ensure diversity around the board table—it has become a moral and ethical imperative that demands proactive attention to nudging the numbers that demonstrate representation in order to achieve a better equilibrium. For example, in 2019, only 49 percent of governing boards had at least one member from an ethnic minority, and the median number of members from an ethnic minority on the typical board was zero. Females fared better: 97 percent of boards had at least one female member and the median was three.[13] The data represents wide demographic gaps between board membership and the gender and ethnic diversity of the communities served by such boards.[14] Achieving diversity, equity, and inclusion on the board is also related to efforts to achieve health equity; as noted by the American Hospital Association, "Even the most well-intentioned efforts to advance health equity are less likely to succeed if those efforts are not part of a broader culture of equity. When leadership and staff recognize that disparities exist within the organization and view inequality as an injustice that must be redressed, that organization has a strong culture of advancing health equity."[15]

A New Strategic Lens

The healthcare sector's state of constant transformation means the body of knowledge required to design strategy continues to accelerate,

Board Discussion:

- What are the organizational assets—beyond financial assets—that we are called to steward?
- How can we be agile in our fiduciary oversight role in times of crisis, change, and upheaval?
- What core values, beliefs, and commitments must undergird our organizational culture?
- How can the board help foster a culture marked by the behaviors, language, and decision making that are consistent with our organizational mission, vision, and values?
- How will our board be proactive about ensuring true inclusion around our board table—and how will we define, measure, and monitor this objective?

and organizations have increasingly clarified that the board is not actually charged with *doing* the strategic planning but with *ensuring the planning is done*. Typically, the board ensures the process exists while executive leaders leverage their unique access to tacit and implicit knowledge and experience to drive strategy formulation responsive to the current and evolving environment in order to optimally position the organization. The board contributes to the process by serving as trusted thought partners and sounding boards to navigate what the organization must achieve or become to fulfill mission, realize potential, secure competitive advantage, and serve community needs. The board then validates mission alignment, ensures fidelity to community stakeholders, and activates the intentions by endorsing the final strategic plan and determining performance management measures to demonstrate success. Ultimately, this evolution of the strategic oversight role leverages the unique perspectives, insights, experiences, knowledge, and skills of both the board and management to drive innovation and

9 Culture as a Corporate Asset, National Association of Corporate Directors, October 2017.
10 S. Murphy and K. Peisert, *Board Culture: An Intentional Governance Guide*, The Governance Institute, 2016.
11 Michael Peregrine, "Workforce Culture Really Is Board's Responsibility; CLO Has Related Role to Play," Law.com, November 10, 2020.
12 Leslie Kane, *National Physician Burnout, Depression and Suicide Report 2019*, Medscape, January 16, 2019; Kronos, *Wake Up to the Facts About Fatigue*, 2018.
13 K. Peisert and K. Wagner, *Transform Governance to Transform Healthcare: Boards Need to Move Faster to Facilitate Change*, 2019 Biennial Survey of Hospitals and Healthcare Systems, The Governance Institute.
14 U.S. Census Bureau, "Quick Facts," 2019.
15 Anne Rooney and Barbara Lorsbach, "The Board's Role in Advancing Healthier, More Equitable Communities," American Hospital Association, AHA Trustee Services, September 2020.

capture competitive advantage. As the board considers its strategic philosophy, there are several new or evolving issues that demand increased attention now, including the evolving role of health providers, health equity, digital transformation, consumerism, and mental health.

Expanding Beyond Illness and Injury

America's hospitals have been undergoing an identity change. While hospitals were founded with an explicit purpose to responsively treat illness and injury, the emerging vision is of organizations proactively engaging within their communities to uncover health needs, to provide preventive care, to raise health status, and to nurture well-being. While this more expansive vision for impact is bold and true, many organizations will be forced to recalibrate their strategies, financial investments, geography, and more to compete on a very different playing field. Board members will increasingly be called upon to help the organization understand community health needs, challenges, preferences, and priorities. This evolution will also require new considerations for health transformation and new forms of risk that boards may not have confronted before. It is a thread that becomes deeply interwoven with other emerging issues the new healthcare organization must address—from health equity to community partnership building.

Fostering Health Equity

While hospitals have long discussed the need to create access for all, the demand to achieve results and to close equity gaps are now at a fever pitch. Widespread differences in U.S. health status are closely linked to race, ethnicity, socioeconomic status, gender, sexual identity, and zip code. Health inequity is largely fueled by consistent and avoidable differences in access to resources and support, and results in health disparities such as increased rates of heart disease, cancer, diabetes, and asthma, as well as drug abuse and violence.[16] These differences are deeply intertwined with socioeconomic status, educational attainment, social power, and structural racism. While the demand to address societal inequity as part of elevating health status has been building for a decade, two events coincided in 2020 to accelerate these conversations. First, the pandemic illuminated the vulnerable underbelly of health disparity as Black, Hispanic, and American Indian populations were four times more likely to be hospitalized and twice as likely to die from COVID-19 than white patients.[17] Then, the May 2020 death of George Floyd, Jr., after a white police officer knelt on his neck while he was in police custody, fueled intense conversations about systemic racism in America. Together, these events created unprecedented urgency around the role of hospitals in addressing the impact of racism on health status and in driving health equity. This new consciousness will place pressure on hospitals to proactively engage in larger societal issues. As healthcare governing board members, leading the journey to address health equity begins with defining the problem and understanding the human and financial rationale for addressing it. Simply, the governing board affirms the importance of addressing equity by aligning it with the mission and strategy, setting and measuring goals to achieve progress. Achieving equity is also part of quality improvement.

Driving Digital Health Transformation

The ability to disruptively innovate and to achieve care transformation will increasingly become a source of competitive advantage for hospitals. The area of innovation most pressing for hospitals to address now is digital transformation. While digital care expansion has been looming, changes in regulations and reimbursement necessitated by COVID-19 pushed organizations to quickly stand-up expanded telemedicine programs, virtual hospitals, and other virtual "front doors" in 2020. Overall telehealth usage nearly tripled since 2018, with 92 percent of patients reporting positive experiences using telehealth.[18] This acceptance of digital care environments is expected to have significant financial ramifications, with as much as $250 billion of U.S. healthcare spending transitioning to telehealth.[19] Not only is the financial shift enough to warrant board attention, but it will also "require new payment, regulatory, and operating models among patients and providers. This surge will have impacts across the care continuum ranging from hospital at home to remote patient monitoring, outpatient and non-urgent virtual care, and virtual chronic disease management."[20] As boards confront this new reality, it brings a significant opportunity to expand both access to and continuity of care. It also expands the board's role in ensuring quality, adding the need to monitor telehealth expansion through a risk management lens and develop policies and procedures to provide appropriate guiderails.[21]

Navigating Consumerism

"Consumerism" has been a rising buzzword across the last decade as patients, family members, and communities express increasing expectations around convenience, access, and value. Today's connected consumers also exhibit decreasing loyalty, which means they frequently "vote with their feet" by changing hospitals or providers. At the same time, the number of non-traditional providers entering the market—and prepared to deliver upon these rising expectations for convenience, cost, access, and more—is burgeoning. With all that in mind, we can no longer rely on the "Field of Dreams" idea that "if you build it, they will come." The consumerism movement "demands critical strategic action from healthcare providers—to provide seamless access to new and existing patients, offer a high-level experience throughout, and provide conclusive value through a sustained, transparent relationship with consumers. The strategic and financial implications are clear and present, and require a deep understanding of who consumers are and what they want and expect from healthcare."[22]

16 Alvin Powell, "The Costs of Inequality: Money = Quality Health Care = Longer Life," *The Harvard Gazette*, February 22, 2016.
17 Centers for Disease Control and Prevention, "COVID-19 Hospitalization and Death by Race/Ethnicity," November 2020.
18 NRC Health, *2021 Healthcare Consumer Trends Report.*
19 Oleg Bestsennyy, Greg Gilbert, Alex Harris, and Jennifer Rost, "Telehealth: A Quarter-Trillion-Dollar Post-COVID-19 Reality?," McKinsey & Company, May 29, 2020.
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21 Todd Sagin, M.D., J.D., "Keeping the Board's Eye on Quality during the Telehealth Boom," *BoardRoom Press,* The Governance Institute, October 2020.
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Embracing Mental Health

While mental health was once something people whispered about, it has now become broadly accepted as another critical dimension of well-being and of care. Further, the healthcare organization's positioning to address mental health has both strategic and financial implications as more than $200 billion is spent annually to treat mental health conditions.[23] Therefore, as organizations consider both mission and strategy, there is value to considering the whole person for whom care is intended.

Board Discussion:

- How do we recast strategic planning to harness the power of industry knowledge unique to executives while also leveraging the strengths, insights, and perspectives of board members with a broad range of experiences and connections?
- Is our organization strategically positioned to and proactive about pursing the digital frontier of clinical care?
- What knowledge, partnerships, or other assets would support our implementation and execution in a digital environment?
- How does our organization define "health equity" today?
- What do the communities we serve look like in terms of race, ethnicity, age, gender, economic situation, etc.? What implications does that have for how we best serve?
- What health issues and health disparities are unnecessary yet pronounced in the areas where we serve? Why? What can we do?
- How is addressing health equity reflected in our mission, strategy, and quality indicators?
- How are we actively positioning to respond to rising consumer demand to address convenience, access, and cost?
- When we consider "health" and "health status," how do we ensure that mental health is considered on par with physical health?

Risk Oversight

While risk oversight was once rolled up under fiduciary responsibilities, many organizations now separate it out as a standalone pillar given the complex and expanding nature of the issues involved. Boards maintain an obligation to provide oversight to the enterprise risk management function as part of ensuring business continuity and resilience as well as maintaining compliance in a highly regulated environment. Within this purview, boards partner with management to identify and analyze material risks and to ensure plans exist to address potential risks. Over time, boards have confronted an ever-expanding menu of risks. In fact, today, "risk management in healthcare comprises the clinical and administrative systems, processes, and reports employed to detect, monitor, assess, mitigate, and prevent risks. By employing risk management, healthcare organizations proactively and systematically safeguard patient safety as well as the organization's assets, market share, accreditation, reimbursement levels, brand value, and community standing."[24] As healthcare boards consider the expanding scope and prevalence of risk, one of the areas demanding increasing attention is cybersecurity.

Escalating Cybersecurity

Many organizations are actively expanding their enterprise risk management framework to ensure cybersecurity receives appropriate board and executive leadership attention. While cyber risk was once relegated to the IT department, it now has significant consequences for both clinical quality and business viability. The National Association of Corporate Directors recommended in 2014 that cybersecurity be elevated to an enterprise risk management issue. Today, 70 percent of U.S. hospital boards include cybersecurity in their risk management oversight because "cyberattacks have far-reaching consequences that directly threaten patient care, patient safety, and broader public health and safety, by potentially denying the availability of the hospital and emergency medical care to the community."[25]

Board Discussion:

- Does our current framework for identifying and evaluating risk encompass more recent entrants to the risk arena?
- How do we recognize and manage risk while not thwarting innovation and transformation?

Stakeholder Engagement

The board is charged with acting in the best interest of stakeholders by demonstrating fulfillment of the charitable purpose and mission as well as by securing and considering stakeholder feedback. While this intention sounds straightforward, this charge can be unwieldy with a range of stakeholders—including patients, family members, employees, clinicians, donors, and volunteers—who sometimes have competing interests. Healthcare organizations also need to build productive partnerships with other parties including physicians, community leaders, partner agencies, payers, regulatory bodies, politicians, and others. However, board members bring unique influence and community insights to stakeholder engagement that are rarely leveraged to their full potential.

Board members are positioned to bring inquisitiveness and empathy as they represent their communities' needs and point of view, and to translate the stories, realities, and culture of the community into the boardroom to aid in decision making. Board members carry objective influence. They have unmatched credibility as advocates and activists representing the value of the organization, since it is clear their only vested interest is the greater good of the community. Board members are also optimally positioned to initiate and cement key partnerships—a skill that is increasingly valuable as organizations require more community partnerships to fully address health status.

While a board's stakeholder engagement role has always been core, there is a rationale to materially expand this aspect of board governance now. Simply, board members bring unique insights, connections to community and social capital that are not replicated anywhere else within the

23 Express Scripts, America's State of Mind Report: U.S. Trends in Medication Use for Depression, Anxiety, and Insomnia, April 2020.
24 "What Is Risk Management in Healthcare?," *NEJM Catalyst*, April 25, 2018.
25 John Riggi, "Why and How to Incorporate Cyber Risk Management into Enterprise Risk Management," American Hospital Association, Center for Health Innovation, August 2020.

healthcare organization. More, as healthcare organizations are now more likely to be geographically far flung and also require the partnership of local corporations, non-profit agencies, governments, and others to fulfill their expanding mandate, the power of relationships is increasingly valuable.

Board members achieve heightened performance in stakeholder engagement work because of the "social capital" associated with their diverse network of social, civic, and business connections. Harvard University professor and political scientist Robert Putnam explains, "Whereas *physical* capital refers to physical objects and *human capital* refers to the properties of individuals, *social capital* refers to connections among individuals— social networks and the norms of reciprocity and trustworthiness that arise from them."[26] Social capital leverages the interconnectedness of people, acquired trust, shared values, social norms, and moral obligations to allow people to effectively come together to advance shared objectives; and social capital is an essential commodity to amplify the voice of and secure access for the organization.

Governance as Leadership[27] distinguishes work that requires diligent and well-intentioned people but also requires those with care for the mission, sensitivity to the critical issues that impact its future, and ownership of the outcomes. Under this standard, stakeholder engagement is a high-impact board role because of the community knowledge, passion, connections, and objective credibility needed to do it well. As studies show that advocacy consistently scores among the lowest in areas of board performance,[28] there is a clear opportunity to consider how the board utilizes its individual and collective connections and capabilities to elevate advocacy, partnership, and community engagement as a primary role.[29]

Ultimately, the sum of every board member's social capital can create a powerful force for connectivity with an ever-expanding circle of allies for the organization. For that reason, there is value to considering how boards—and especially market-based, community boards—can become more engaged in the traditional role of advocacy as well as in expanded roles for partnership development and philanthropy.

Accelerating Advocacy

Board members are ideally and uniquely positioned to build upon and expand their existing roles as passionate advocates and aligned activists to translate the strategy and intentions of the healthcare organization to the community. Board members can open up access and make introductions that would be otherwise impossible. Being able to harness the power of the board as advocates provides an authentic way to establish trust, which is especially important in a world where both trust and genuine relationships are a rare commodity. People today are overwhelmed with automated personalization and customized communication, and "are growing increasingly intolerant of messages from people they don't really know.... They are increasingly limiting their attention to messages from trusted friends and business colleagues."[30] This means having a board member or other advocate who essentially provides his own good name and relationship to introduce the organization is priceless.

Facilitating Partnerships

When the healthcare governance role was conceived, healthcare organizations were largely insular in their approach to mission fulfillment: care was addressed as attending to illness and injury almost exclusively within the four walls of the health facility. However, healthcare now faces two converging trends that are escalating the need for board members to sharpen their attention around the potential of partnership. First, many hospitals are merging, affiliating, or entering other forms of collaboration with other healthcare organizations for strategic positioning or out of financial necessity. This has forced many boards to make very considered decisions around how alignment with another organization would help or harm mission fulfillment. As the trend continues, being able to navigate this situation has become a necessary board competency. At the same time, another trend also making collaboration essential is advancing community health, which is impossible to do alone. Eighty (80) percent of a person's health status is shaped by forces beyond healthcare—to include access to food, shelter, safe places to play, and more. This has provided a rationale to craft formal partnerships with non-profit agencies, corporations, governments, and others in order to expand capacity, fill gaps in the continuum of care, access knowledge, and leverage financial investments. This rise of community-based partnerships is an optimal place for healthcare board members to flex their muscles of influence, connections, and goodwill to identify and implement partnerships to advance the greater good. The hospital also tends to be the anchor institution for the community-wide efforts because of its scope, scale, and infrastructure, so being an active participant in this realm supports the board's fiduciary and strategic roles. Here, though, is the rub: the board only makes decisions or fulfills duties when it is assembled as a body, and the advocacy role is about individual action and relationships, so efforts of individual board members need to be linked back to and aligned with prevailing strategy and policies to ensure a shared vision for impact.

Advancing Philanthropy

Healthcare organizations have faced slim bottom lines for an extended period that have reduced available dollars to invest in organizational advancement and forced many to change strategy, forego acquisition of new technology, delay physical plant improvements, reduce services, streamline staff, and ignore expanding community health needs. Such challenges make it difficult for governing boards to reconcile their complementary roles of facilitating strategic financial investments to advance the organization while ensuring adequate financial resources to safeguard the mission.

Savvy board members know that continuing to delay investment in the organization isn't sustainable. Rather, the key to ensuring a vibrant future is in finding or developing new revenue streams. All this has led many forward-thinking organizations to embrace

26 Robert Putnam, *Bowling Alone: The Collapse and Revival of American Community*, New York: Simon and Schuster, 2000.
27 Chait, et al., 2004.
28 K. Peisert and K. Wagner, 2019.
29 BoardSource, *Leading with Intent: A National Index of Nonprofit Board Practices*, 2015; p. 28.
30 David Simpson, "Peer-to-Peer Fundraising Deserves Top-Level Focus and Resources," *Stanford Social Innovation Review*, May 12, 2011.

philanthropy. With philanthropy delivering a strong ROI and a reliable revenue stream with low risk, it merits the status of an essential revenue resource worthy of board attention and support. Still, many organizations fail to fully engage board members to advance philanthropy. Realizing the abundant potential philanthropy offers calls for meaningful engagement in philanthropy across both the foundation board and governing board. To do so, organizations must recognize advancing philanthropy as a governance responsibility, leverage the power of social capital, tap into individual purpose, and provide meaningful opportunities for board members to leverage their valuable networks to gain access, build trust, amplify the message of the organization, and engage donors as partners in advancing the mission.

Board Discussion:

- As recognized leaders, influencers, and connectors in a community, how can board members utilize this unique access and credibility to be a strategic asset?
- Given the move of healthcare organizations out into the community, how can the board help initiate, strengthen, or smooth partnerships with agencies, providers, and others who are serving along the greater continuum of care?
- As philanthropy becomes an increasingly important revenue source to healthcare organizations, what is the board's role to support it from fiduciary, strategic, and stakeholder engagement perspectives?

Care and Keeping of the Board

Finally, the board is also charged with ensuring the successful functioning of the board itself. This includes ensuring adequate policies, processes, structures, communications methods, work plans, and more to effectively fulfill the board's roles and responsibilities. Nurturing board health requires appropriate role definition, recruitment, onboarding, continuing education, and evaluation. In this area of the board's role, there are three common stumbling blocks: information management, evaluation, and inclusion. Boards today increasingly struggle with ensuring the continuous learning and knowledge management to operate within a fast-changing environment, while data show that boards that can devote the necessary resources to education are more likely to have stronger cultures and higher performance on their fiduciary duties and responsibilities.[31] Individual and collective board performance evaluation remains an ongoing challenge for many boards; however, as regulatory and public scrutiny of board engagement and performance have increased, routine evaluation is a valuable offensive and defensive measure. Finally, boards must be increasingly sensitive to issues of board member diversity, equity, and inclusion.

Board Discussion:

- Does our board support agile and appropriate decision making by ensuring an environment of continuous learning?
- In addition to selecting board members based upon key competencies, how will we be proactive about achieving diversity, equity, and inclusion around the board table?

New Board Capabilities

To push governance to the next level, board members must consider the knowledge, skills, attributes, and connections required to support the organization's needs within evolving circumstances. What must leaders and board members be able to do successfully or efficiently now in order to advance strategy within the complexity of the current operating environment?

There are also new skills and attributes that must be considered to meet today's demands:

- **Strategic intuition**: Ability to recognize how the dots connect between disparate concepts or ideas in order to have insights about potential future opportunities and risks.
- **Agility**: Adaptability to gather and process information quickly within continuously changing circumstances in order to respond, reposition, or reinvent.
- **Risk tolerance**: Ability to engage in smart risk-taking by not only accepting the context and ramifications of risk and embracing interim failures but also instigating disruptive initiatives in order to pursue transformational opportunities.
- **Empathy/emotional intelligence**: Ability to understand the feelings and needs of those served in order to foresee how choices and actions will be viewed and to ensure decisions are guided not just by numbers on a spreadsheet but by the stories and well-being of the humans behind those numbers.

While board selection has been, appropriately, focused on skills and competencies, it is also about commitments. When board members speak of disengagement or disinterest in board work, they generally express a lack of connection to mission. So, while there are policies to shape, metrics to review, and strategic issues to discuss, the board experience must be infused with *purpose*. While it is not a "competency," purpose and love of mission should be seen as a fundamental prerequisite to board service. Governance of a healthcare organization demands leaders with a deep sense of passion and purpose who are moved and motivated by this deeply human work. Most board members serve to achieve a positive and "purpose-full" impact—and achieving full engagement requires tapping into that purpose. It's a baseline from which everything else works.

Board Discussion:

- What areas of capability and readiness are required now?

The provision of healthcare is a sacred trust; people put their bodies and their hopes in the hands of the healthcare organization and its caregivers for healing and comfort. Board members have the awesome and expansive role to safeguard and strengthen this noble work. Given the gravity of the cause to which leaders are called and the many changes to the complexity and scope of the environment in which boards work, there is merit to boards taking the time to step back and boldly consider the opportunities for impact in order to reimagine the guiding principles and core commitments that must shape how to govern now.

The Governance Institute thanks Betsy Chapin Taylor, FAHP, President and CEO of Accordant for contributing this article. She can be reached at betsy@accordanthealth.com.

31 K. Peisert and K. Wagner, 2019.

Leading Healthcare Towards Greater Health Equity

By Tina Freese Decker, Spectrum Health

Board governance should always be of vital concern since it sets not only the administrative tone but, more importantly, the moral tone for an entire organization. This is why, at Spectrum Health, governance is one of our highest priorities. We don't try to just *implement* best practices; we strive to *set* best practices. It is with this in mind that our system board recently created its first new standing committee in 10 years to oversee our work in health equity.

The creation of this committee is a reflection of how much the very definition of healthcare has evolved over the years. Healthcare used to be just a matter of physical ailments—from treating infection to mending a broken bone. Then, mental health increasingly became an important consideration, but the emphasis was still at the micro-level of addressing the health and other social needs of individual patients, commonly known as population health management.

However, in recent years, we have become aware of the need to focus on the macro-level and the social needs of entire communities of people. It is critically important that we recognize the larger and more potent societal factors that impact health and address them if we are to fulfill Spectrum Health's mission to improve health, inspire hope, and save lives.

Martin Luther King Jr. said, "Of all the forms of inequality, injustice in healthcare is the most shocking and inhuman." He understood how cruelly unfair it is when people's health outcomes are determined more by their zip codes than their genetic codes. This problem is dramatically captured, for instance, by the disparity in life expectancy evident in majority Black versus white census tracts (see **Exhibit 1**).

The challenge of health equity was amplified in 2020. By virtually every metric, Black and Latinx populations were impacted to a much greater extent by COVID-19. In addition to the pandemic, the national reckoning on systemic racism further magnified health inequities that continue to harm the health and well-being of these populations.

Addressing these issues is an economic as well as a moral imperative. For healthcare providers, and insurers in particular, health inequities impact the bottom line through higher costs and avoidable readmissions. These inequities alone are estimated to have cost health insurers $337 billion between 2009 and 2018.[1]

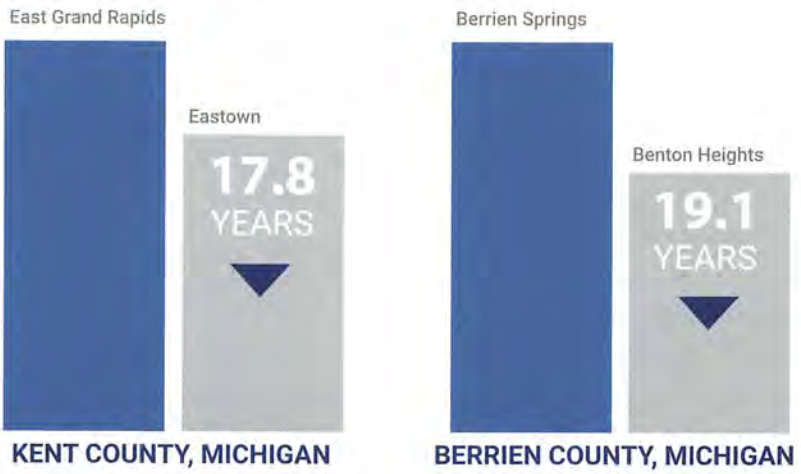
Taking Action

At Spectrum Health, we were aware of these inequities and have taken action to advance health equity in our communities. For example, our Strong Beginnings Program, established in the early 1990s, has nearly eliminated the disparity in infant mortality between white and Black populations of Kent County, Michigan, for those participating in the program. Our School Health Program provides school nurses and brings mental, dental, and medical care to more than 80,000 students in 27 school districts. In 2018, this contribution had a direct impact, resulting in a dramatic

Key Board Takeaways

- **Define your role and desired outcomes.** It is important for the board and leadership to have clear definitions of health equity and the outcomes we want to achieve. The new board Health Equity Committee will set the foundation to guide our health system.
- **Link mission and vision to outcomes.** A board focus on equitable outcomes allows us to tie results directly to our mission: Improve health, inspire hope, and save lives. Health equity matters to the health plan and to the care delivery area. It is ultimately about people being healthy.
- **Better outcomes are attainable.** The disparate impact on communities affected by systemic racism was so clear, so disturbing, and so compelling. These economic and social impacts will be disproportionately felt by underserved populations and populations of color and continue for years to come. We need to do more—and we can do more because health inequities are avoidable and modifiable. This is outlined in Spectrum Health's Pledge to Act (see www.spectrumhealth.org/pledgetoact).
- **Transparency is one of our guiding principles.** Transparency has its risks—when we make missteps, they will be there for all to see. But openness and honesty are key to building the trust and strengthening the collaborative relationships that are required to achieve change.

Exhibit 1: The Life Gap



Adapted from Centers for Disease Control (National Center for Health Statistics)—www.cdc.gov/nchs/data-visualization/life-expectancy/

1 National Academies of Sciences, Engineering, and Medicine, *Communities in Action: Pathways to Health Equity*, Washington, D.C.: The National Academies Press, 2017.

50 percent reduction in chronic absenteeism. By keeping kids in school, we are improving their potential for long-term, positive economic and health outcomes.

This is a great start. But it hasn't been enough; the barriers still exist. What COVID-19 did is help accentuate the inequities. When we said, "Stay home, stay safe," not everyone could stay home. Not everyone's home was safe. For multigenerational families, who needed to work in essential functions, perhaps without protection, the home environment could even be a spreading event.

In 2020, a fuller awareness on the systemic issues related to inequities added new urgency to our efforts. The disparate impact on communities affected by systemic racism was so clear, so disturbing, and so compelling. We had to take action, significantly more than before. Today, we are face-to-face with community leaders, patients, families, and our team members, in ongoing conversations about these inequities. In collaboration with our community leaders, we are naming them, focusing our energy on them, and prioritizing them. We need to do more—and we can do more because health inequities are avoidable and modifiable.

And as an organization, we also started to do more. On Juneteenth, we held a day of candid conversations, inviting all team members to talk about what we as an organization are going to do to address health equity and racism. This inaugural Day of Understanding started a movement, not a moment. We listened and learned and uncovered new areas where we could, and will, do better. We also started to talk more freely about the language we need to use to be genuine and to respect one another. Our team members and physicians shared heartfelt stories and devastating stories. It made it real, for everyone.

With this in mind, the new Health Equity Committee of our system board will set our course to be a leader in realizing health equity. This committee provides oversight and monitoring of health equity initiatives, to help ensure the integrity and effectiveness of the coordinated efforts throughout the system and in collaboration with the communities we serve.

At the system-level, a board focus on equitable outcomes allows us to tie results directly to our mission: Improve health, inspire hope, and save lives. Health equity matters to the health plan and to how we deliver care. And most of all it matters for people in our communities to have better health, better access to care, and more affordable care.

Health Equity Principles and Efforts

As important as the committee is, it is not an end in itself, but part of a comprehensive effort by Spectrum Health to lead our region toward greater health equity. We have established five principles to guide our health equity efforts: 1) define health broadly, 2) address the social determinants of health, 3) authentically engage communities impacted by health inequities, 4) be transparent, and 5) aim to achieve measurable structural and/or systemic change. We purposefully added transparency. Transparency has its risks—when we make missteps, they will be there for all to see. But openness and honesty are key to building the trust and strengthening the collaborative relationships that are required to achieve change.

Specific health equity efforts to date include:

- Creation of a system health equity leadership council.
- Allocation of $100 million, a 40 percent increase, for health equity work to be done over the next 10 years.
- Establishment of a foundation to support a specific community and address systemic housing and food insecurity, as well as promotion of healthy birthing outcomes for both moms and babies.
- Our Day of Understanding, on June 19, 2020, which initiated meaningful dialogue across our organization about systemic racism and health disparities.
- Enhanced implicit bias training to better prepare us to serve communities experiencing health inequities.
- Improved data collection processes to help us identify and better target health disparities.
- Adopting our own pledge, in addition to signing others, that promotes health equity, diversity, equity, and inclusion (DEI), and declares racism as a public health crisis.
- A DEI plan that is implementing our strategy and links to our equity work. Often this is an internal focus on our culture, on developing our teams and ensuring we connect with the people we serve in the best possible way.

All of this represents only the beginning of a long and determined journey. We are moving boldly, but we also must be patient, because real, sustainable progress will not happen overnight. Also, we cannot do this alone—health equity is a team sport that requires everyone to deeply and authentically engage with the community and other organizations. We further acknowledge that this will require work beyond Spectrum Health given that health equity will be achieved when there is fair distribution of health outcomes (including life expectancy) across our communities.

This is an enormous undertaking. I am confident of our success because we will draw on the core values of our culture: compassion, collaboration, curiosity, and courage. This is how we will address the health needs of our entire community and set an example for the nation, as we take healthcare to the next level and realize health equity across the communities we serve.

The Governance Institute thanks Tina Freese Decker, President and CEO, Spectrum Health, for contributing this article. She can be reached at christina.freese@spectrumhealth.org.

A Community-Focused Shift...

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relevance to their needs, and the resilience to provide care despite external influences. Questions like "will my hospital have the staff or supplies to care for me during the next health crisis?" or "will my doctor's office stay open?" will remain, and boards and senior leaders must work together to address those local community concerns.

Although mergers and acquisitions will still occur as the healthcare field continues to strive for operational excellence, greater emphasis on community-focused strategic planning must play a larger role for local boards and senior leaders, who often lose autonomy under the infrastructure of large systems.

Developing Community Partnerships

One of the most important things that systems across the country learned from the COVID-19 pandemic was the need for close and meaningful relationships with local elected officials and community leaders. Like politics, healthcare is local, and having such relationships is critical if health systems turn their attention to community-focused planning. As larger systems grow in scale, the important relevance of relationships with local leaders is often lost. Board members and senior leaders must work to retain and nurture the relationships made with community leaders during the COVID-19 battle to ensure that the needs of the communities they serve are understood and well-served.

To develop strategic plans that are relevant to the communities served, boards and executive teams must reflect the diversity of the local population. This again requires a close and intimate relationship between health system leadership and the community. In a time when there is such great emphasis on populations of diversity and concerns about healthcare being delivered in an equitable manner, development and execution of strategic plans must incorporate the "ground level" input of the local community.

Beebe Healthcare continues to work with First State Community Action Agency, a powerful voice with the African American community in Sussex County, the Nanticoke Indian Tribe, and many others to adapt vaccination efforts to remove barriers such as transportation and lack of trust. These kinds of partnerships allow healthcare systems to better serve the needs of the community where they are instead of where the hospital is located. As we look to the post-COVID era, Beebe has the opportunity to continue integrating the voice of the community in development and execution of our strategic plans.

Cultivating Collaboration and Community Engagement

All of this requires governance and leadership working closely together to develop a new model of agile strategic planning in the post-pandemic era to determine what is needed to truly become a community-focused health system.

This culture of collaboration must exist to trust these new perspectives. Established CEOs shouldn't assume to know what's going on if they are always talking to the same people. Rather, they should make a concerted effort to reengage with the community, especially those whose voices most need to be heard, to gain a better understanding of what is happening in their backyard.

On the other end of the spectrum, being a new leader in a new region when the pandemic hit came with its own challenges and lessons.

Most importantly, it showed that making sure only a certain segment of the population is tested or vaccinated for COVID-19 does not equate to the goal of ending the pandemic by developing a herd immunity. And treating one subset of the population for opioid addiction, mental illness, and other major health challenges will not help healthcare organizations do what we are really here to do—take care of the people in our community who rely on us for their healthcare.

The effects from the pandemic and how it will shape healthcare's strategic planning in the future will determine its success well after the health crisis ends.

The Governance Institute thanks David A. Tam, M.D., FACHE, President and CEO, Beebe Healthcare, for contributing this article. He can be reached at dtam@beebehealthcare.org.

Outpatient Services Implications...

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While the example used here relates to academic medical centers that specialize in high-acuity tertiary and quaternary services, a similar approach could be useful to community-based providers that may wish to specialize in certain service lines and form alliances with academic medical centers for others. The key is the combination of alliances that enhance service quality and market share.

Conclusion

There are two, mutually reinforcing approaches to any successful outpatient strategy. The first is to create more direct alignment with cost, quality, and service efficiency by moving to value-based or risk-bearing contracts. This, we expect, will align providers' incentives to services that create the best outcomes rather than those that generate the most revenue. The second is a focus on reducing cost to the consumer (and, hence, revenue per unit of service), reorganizing the organization's cost structure, and making up for the reduced revenue per unit by increasing market share—especially commercially insured market share. We know: Simple to define, difficult to execute. But clarity of the end goal is always helpful to execution.

The Governance Institute thanks Richard Rollo, Executive Director, Hammond Hanlon Camp LLC, for contributing this article. He can be reached at rrollo@h2c.com.

Essential Elements...

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plan. Post-COVID offers a tremendous opportunity for boards and senior management teams to build on their respective experiences and learnings to enrich, focus, and "amp-up" their traditional plans. Discussions can be invigorated about alliances and partnerships and new technology applications to improve and streamline care processes and access to services.

Brand identity, social media use and effectiveness, and consumer awareness can be seen from a new perspective to target niche consumer groups more effectively with aligned interests and needs. Other discussions should focus on the organization's ability to accelerate the road to risk, embracing value-based reimbursements in partnership with physicians, and streamlining transitions in care to eliminate waste and match patient care needs with the appropriate resources in the right settings at the right time across the continuum of care.

Data analytics are the bedrock of ensuring these outcomes are achieved. Such data can and must be translated into essential, useful information in real-time for clinicians at the bedside or other outpatient point-of-service settings. This capability will provide significant quality, financial, and competitive advantages over those who are behind the curve with these processes.

- **Strategic discussions in small groups**: Small groups can be assigned specific subjects to discuss such as:
  - » Key service lines (What is their current performance? How can the service line be strengthened to be more effective, competitive, and serve more people?)
  - » Specific goals or pillars to examine and refresh and associated metrics and strategies that may need to be updated, with an eye to applying lessons learned from COVID-19 and an "altered state" of perspective and expectations by patients, providers, and payers.
  - » Other subject matter areas that need fresh examination including brand identity; physician alignment, engagement, and satisfaction; philanthropy; employer relationships; social determinants of health; diversity; and others.
- **Other involvement and participation exercises:** Many other small work group exercises can be considered and selected to engage in based on their fit toward achieving the retreat objectives and outcomes. Some favorites include:
  - » Vision-by-Design (creates multiple visuals of a desired future state in small work groups of three or four people)
  - » Competitor Board (identifies actions competitors could take in your market)
  - » Culture and Values Trade-offs (where are you now and where would you like to be relative to specific values and characteristics)
  - » "Memorize" the Strategic Plan (in 12 minutes or less—a strategy prioritizing activity)
  - » Build the Tallest Tower (team building with gumdrops and spaghetti)

12-Minute Pre-Retreat Survey

It is helpful to conduct a pre-retreat survey of key issues that will be discussed at the meeting. This can be done electronically or by email. It is a very useful tool to survey participants to learn their perspectives and get input beforehand on issues that will be discussed at the retreat.[1]

Takeaways and Commitment to Action

Someone once wisely counseled to never leave a meeting without a commitment to action. This activity at the conclusion of the retreat can easily become the most impactful element of the retreat. One way to do this is to ask participants to write down the answers to two questions:

1. What is your most significant takeaway from the retreat?
2. What one thing are you willing to commit to do differently to accelerate our vision from this point forward?

As with the icebreaker exercise to begin the retreat, participants should be given about 90 seconds of silence to reflect and write their answers. Then, one-by-one, each participant is asked to share their takeaways and commitment to action.

Closing the retreat this way solidifies the purpose and learnings of the day. It also reaffirms that the sometimes philosophical discussions that have taken place can and must be internalized and translated to purposeful action, and that each participant will be contributing not only as a single individual, but in harmony with a collective team effort unified in purpose and action toward a common vision, mission, and values.

Use these proven principles to make your post-COVID-19 retreat the most impactful, highly effective, and actionable ever!

The Governance Institute thanks Guy M. Masters, M.P.A., President of Masters Healthcare Consulting and Governance Institute Advisor, for contributing this article. He has facilitated hundreds of highly effective board retreats during his career. For more information on the tools, exercises, or processes mentioned in the article, email him at guymasters11@gmail.com or call (818) 416-2166.

1 Contact the author for a sample survey.

Essential Elements of a Post-COVID Board Retreat: Not Business as Usual

By Guy M. Masters, Masters Healthcare Consulting

What was the most effective, memorable, and productive board retreat that you have ever attended? What were the key ingredients that made it this way? (Haven't had one like this yet?)

Whether your first post-COVID board retreat lasts a few hours in the boardroom or several days at an off-site location, the following are five essential elements and steps that can change a retreat from "business as usual" to something intellectually engaging, producing highly effective results. These factors will generate leveraged outcomes and elevated commitments to action by participants individually and collectively.

The five factors include:

- Focused and intentional pre-retreat preparation
- Clarity of purpose, objectives, and desired outcomes
- A balanced mix of presentations and interactive group work
- Facilitation that accentuates intellectual engagement by every participant
- Shared statements of key takeaways and personal commitments to action

Pre-Retreat Preparation

A great retreat starts at least three to six months (or more) in advance. First, begin with specific written and well-honed statements of the purpose, objectives, and desired outcomes. What should participants learn, understand, contribute, decide, and/or act upon?

Next Retreat Focus: Lessons Learned from the COVID-19 Experience

How did we deal with ambiguity, disruption, scarcity, subsidy? What went well during the process? What will we do differently going forward in each of the following seven areas?

- Financial
- Operations
- Service lines
- Clinical processes and outcomes
- Patient experience
- Teamwork, adaptability
- Leadership effectiveness and processes (at every level)

Once the purpose, objectives, and desired outcomes are identified, design an agenda of topics, presentations, activities, and work groups that will actively and directly engage participants to meet these results. Enhance the flow and feel of the meeting with activities that will engage participants intellectually, physically, and socially. Consider the following format:

- **Icebreaker—level the discussion platform:** Begin the retreat with an introductory all-hands participation exercise by asking participants to write down the answer to two questions, such as the following :
  1. What is one lesson you learned personally or professionally from the COVID experience?
  2. What is the most important outcome for you from this retreat?

  Participants should be given about 90 seconds to write their answers. (Giving them time to write is essential to making this exercise most effective.) Then, one-by-one, each participant is asked to share their answers. It is helpful to record a few words to summarize each person's answer. The outcomes list can be referenced at the end of the retreat to see how many of the desired outcomes were met. This exercise makes it easy and comfortable for participants to contribute for the rest of the retreat.
- **Keynotes:** Identify crisp, focused keynote presentation topics and presenters (using internal and external sources) to provide updates on the state-of-the-organization post-COVID (succinctly recap accomplishments, setbacks, unforeseen challenges/opportunities, innovations, exceptional performance, etc.), competitor activities, partnerships and alliances, and other relevant topics.
- **Industry update:** Include an industry update focused on post-COVID trends and their strategic and business implications.
- **Service lines:** Overview key service lines and COVID's impact on each (profitability, market share, competitive position, brand recognition and loyalty, growth plans and opportunities, prospects, etc.).
- **Strategic planning:** The central focus of many retreats is to review and update the organization's strategic

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Key Board Takeaways

- Select a few highly relevant articles or other background reference materials to share with retreat participants beforehand to instill a strategic mindset and increase the quality of discussion at the meeting.
- Conduct a brief pre-retreat survey to solicit input from participants regarding strategic issues, opportunities, challenges, and other topics to be covered at the meeting.
- After each presentation, ask participants to write down their key takeaways.
- Have board members share their takeaways in small "lightning-round" discussion groups to increase engagement and generative thinking. This also reinforces learning and provides feedback regarding if the information shared achieved its intended purpose.
- Throughout the retreat, ask at appropriate times, "What questions do you have?" vs. "Do you have any questions?"

Sample Retreat Objectives

- Validate and confirm the mission, vision, and values of the health system, considering the perspective of the COVID-19 experience.
- Address top-priority strategic issues for the health system (access, key service lines, outpatient strategy, physician enterprise, financial expectations, workforce, innovation, technology, new models of care delivery, patient experience, and continuum of care).
- Building upon COVID-19 learnings, update the three-to-five-year goals, metrics, and initial strategies for the strategic plan.
- Insert check-in points at appropriate durations in the plan to consider progress and direction and assess whether different actions or direction need to be taken (to enable nimbleness/flexibility).